

CONFERENCE COMMITTEE REPORT DIGEST FOR EHB 1182

Citations Affected: IC 6-1.1-12.1; IC 6-1.1-39-2; IC 36-7-14-39; IC 36-7-15.1.

Synopsis: Extension of TIF and abatements. Conference committee report for EHB 1182. Extends the deadlines for the creation of new tax increment finance (TIF) allocation areas and for the approval of new statements of benefits for tax abatements from December 31, 2005, to December 31, 2011, and subsequently provides for automatic five year extensions of the deadlines unless the general assembly enacts a statute that terminates the automatic extensions and designates final deadlines. Repeals the limitation of tax abatements for new logistical distribution equipment and new information technology equipment to certain counties located along Interstate Highway 69. **(This conference committee report: (1) adds the language concerning automatic extension of the TIF and tax abatement deadlines; and (2) deletes SECTIONS 9 and 12 of the bill that allow a county library board to levy a property tax and distribute the tax to a private donation library or, if the board of trustees of the private donation library does not include at least one member or appointee of the library board and at least one appointee of the county fiscal body, determine whether to distribute the tax to the private donation library or use the tax for its own purposes.)**

Effective: July 1, 2005.

CONFERENCE COMMITTEE REPORT

MADAM PRESIDENT:

Your Conference Committee appointed to confer with a like committee from the House upon Engrossed Senate Amendments to Engrossed House Bill No. 1182 respectfully reports that said two committees have conferred and agreed as follows to wit:

that the House recede from its dissent from all Senate amendments and that the House now concur in all Senate amendments to the bill and that the bill be further amended as follows:

- 1 Delete everything after the enacting clause and insert the following:
- 2 SECTION 1. IC 6-1.1-12.1-1 IS AMENDED TO READ AS
- 3 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1. For purposes of this
- 4 chapter:
- 5 (1) "Economic revitalization area" means an area which is within
- 6 the corporate limits of a city, town, or county which has become
- 7 undesirable for, or impossible of, normal development and
- 8 occupancy because of a lack of development, cessation of growth,
- 9 deterioration of improvements or character of occupancy, age,
- 10 obsolescence, substandard buildings, or other factors which have
- 11 impaired values or prevent a normal development of property or
- 12 use of property. The term "economic revitalization area" also
- 13 includes:
- 14 (A) any area where a facility or a group of facilities that are
- 15 technologically, economically, or energy obsolete are located and
- 16 where the obsolescence may lead to a decline in employment and
- 17 tax revenues; and
- 18 (B) a residentially distressed area, except as otherwise provided
- 19 in this chapter.
- 20 (2) "City" means any city in this state, and "town" means any town
- 21 incorporated under IC 36-5-1.
- 22 (3) "New manufacturing equipment" means any tangible personal
- 23 property which:

(A) was installed after February 28, 1983, and **on or before January 1, 2006; the approval deadline determined under section 9 of this chapter**, in an area that is declared an economic revitalization area after February 28, 1983, in which a deduction for tangible personal property is allowed;

(B) is used in the direct production, manufacture, fabrication, assembly, extraction, mining, processing, refining, or finishing of other tangible personal property, including but not limited to use to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products; and

(C) was acquired by its owner for use as described in clause (B) and was never before used by its owner for any purpose in Indiana.

However, notwithstanding any other law, the term includes tangible personal property that is used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products and was installed after March 1, 1993, and before March 2, 1996, even if the property was installed before the area where the property is located was designated as an economic revitalization area or the statement of benefits for the property was approved by the designating body.

(4) "Property" means a building or structure, but does not include land.

(5) "Redevelopment" means the construction of new structures, in economic revitalization areas, either:

(A) on unimproved real estate; or

(B) on real estate upon which a prior existing structure is demolished to allow for a new construction.

(6) "Rehabilitation" means the remodeling, repair, or betterment of property in any manner or any enlargement or extension of property.

(7) "Designating body" means the following:

(A) For a county that does not contain a consolidated city, the fiscal body of the county, city, or town.

(B) For a county containing a consolidated city, the metropolitan development commission.

(8) "Deduction application" means either:

(A) the application filed in accordance with section 5 of this chapter by a property owner who desires to obtain the deduction provided by section 3 of this chapter; or

(B) the application filed in accordance with ~~section 5.5~~ **section 5.4** of this chapter by a person who desires to obtain the deduction provided by section 4.5 of this chapter.

(9) "Designation application" means an application that is filed with a designating body to assist that body in making a determination about whether a particular area should be designated as an economic revitalization area.

(10) "Hazardous waste" has the meaning set forth in IC 13-11-2-99(a). The term includes waste determined to be a hazardous waste under IC 13-22-2-3(b).

(11) "Solid waste" has the meaning set forth in IC 13-11-2-205(a). However, the term does not include dead animals or any animal solid or semisolid wastes.

(12) "New research and development equipment" means tangible personal property that:

(A) is installed after June 30, 2000, and ~~on or before January 1, 2006~~, **the approval deadline determined under section 9 of this chapter**, in an economic revitalization area in which a deduction for tangible personal property is allowed;

(B) consists of:

- (i) laboratory equipment;
- (ii) research and development equipment;
- (iii) computers and computer software;
- (iv) telecommunications equipment; or
- (v) testing equipment;

(C) is used in research and development activities devoted directly and exclusively to experimental or laboratory research and development for new products, new uses of existing products, or improving or testing existing products; and

(D) is acquired by the property owner for purposes described in this subdivision and was never before used by the owner for any purpose in Indiana.

The term does not include equipment installed in facilities used for or in connection with efficiency surveys, management studies, consumer surveys, economic surveys, advertising or promotion, or research in connection with literacy, history, or similar projects.

(13) "New logistical distribution equipment" means tangible personal property that:

(A) is installed after June 30, 2004, and ~~on or before January 1, 2006~~, **the approval deadline determined under section 9 of this chapter**, in an economic revitalization area

~~(i) in which a deduction for tangible personal property is allowed. and~~

~~(ii) located in a county referred to in section 2-3 of this chapter; subject to section 2.3(c) of this chapter;~~

(B) consists of:

- (i) racking equipment;
- (ii) scanning or coding equipment;
- (iii) separators;
- (iv) conveyors;
- (v) fork lifts or lifting equipment (including "walk behinds");
- (vi) transitional moving equipment;
- (vii) packaging equipment;
- (viii) sorting and picking equipment; or
- (ix) software for technology used in logistical distribution;

(C) is used for the storage or distribution of goods, services, or information; and

(D) before being used as described in clause (C), was never used by its owner for any purpose in Indiana.

(14) "New information technology equipment" means tangible personal property that:

(A) is installed after June 30, 2004, and ~~on or before January 1, 2006,~~ **the approval deadline determined under section 9 of this chapter,** in an economic revitalization area

(i) in which a deduction for tangible personal property is allowed. ~~and~~

(ii) ~~located in a county referred to in section 2.3 of this chapter,~~
subject to section 2.3(c) of this chapter;

(B) consists of equipment, including software, used in the fields of:

(i) information processing;

(ii) office automation;

(iii) telecommunication facilities and networks;

(iv) informatics;

(v) network administration;

(vi) software development; and

(vii) fiber optics; and

(C) before being installed as described in clause (A), was never used by its owner for any purpose in Indiana.

SECTION 2. IC 6-1.1-12.1-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 2. (a) (a) A designating body may find that a particular area within its jurisdiction is an economic revitalization area. However, the deduction provided by this chapter for economic revitalization areas not within a city or town shall not be available to retail businesses.

(b) In a county containing a consolidated city or within a city or town, a designating body may find that a particular area within its jurisdiction is a residentially distressed area. Designation of an area as a residentially distressed area has the same effect as designating an area as an economic revitalization area, except that the amount of the deduction shall be calculated as specified in section 4.1 of this chapter and the deduction is allowed for not more than five (5) years. In order to declare a particular area a residentially distressed area, the designating body must follow the same procedure that is required to designate an area as an economic revitalization area and must make all the following additional findings or all the additional findings described in subsection (c):

(1) The area is comprised of parcels that are either unimproved or contain only one (1) or two (2) family dwellings or multifamily dwellings designed for up to four (4) families, including accessory buildings for those dwellings.

(2) Any dwellings in the area are not permanently occupied and are:

(A) the subject of an order issued under IC 36-7-9; or

(B) evidencing significant building deficiencies.

(3) Parcels of property in the area:

(A) have been sold and not redeemed under IC 6-1.1-24 and IC 6-1.1-25; or

(B) are owned by a unit of local government.

However, in a city in a county having a population of more than two hundred thousand (200,000) but less than three hundred thousand (300,000), the designating body is only required to make one (1) of the

1 additional findings described in this subsection or one (1) of the
2 additional findings described in subsection (c).

3 (c) In a county containing a consolidated city or within a city or town,
4 a designating body that wishes to designate a particular area a
5 residentially distressed area may make the following additional findings
6 as an alternative to the additional findings described in subsection (b):

7 (1) A significant number of dwelling units within the area are not
8 permanently occupied or a significant number of parcels in the area
9 are vacant land.

10 (2) A significant number of dwelling units within the area are:

11 (A) the subject of an order issued under IC 36-7-9; or

12 (B) evidencing significant building deficiencies.

13 (3) The area has experienced a net loss in the number of dwelling
14 units, as documented by census information, local building and
15 demolition permits, or certificates of occupancy, or the area is
16 owned by Indiana or the United States.

17 (4) The area (plus any areas previously designated under this
18 subsection) will not exceed ten percent (10%) of the total area
19 within the designating body's jurisdiction.

20 However, in a city in a county having a population of more than two
21 hundred thousand (200,000) but less than three hundred thousand
22 (300,000), the designating body is only required to make one (1) of the
23 additional findings described in this subsection as an alternative to one
24 (1) of the additional findings described in subsection (b).

25 (d) A designating body is required to attach the following conditions
26 to the grant of a residentially distressed area designation:

27 (1) The deduction will not be allowed unless the dwelling is
28 rehabilitated to meet local code standards for habitability.

29 (2) If a designation application is filed, the designating body may
30 require that the redevelopment or rehabilitation be completed
31 within a reasonable period of time.

32 (e) To make a designation described in subsection (a) or (b), the
33 designating body shall use procedures prescribed in section 2.5 of this
34 chapter.

35 (f) The property tax deductions provided by sections 3 and 4.5 of this
36 chapter are only available within an area which the designating body
37 finds to be an economic revitalization area.

38 (g) The designating body may adopt a resolution establishing general
39 standards to be used, along with the requirements set forth in the
40 definition of economic revitalization area, by the designating body in
41 finding an area to be an economic revitalization area. The standards
42 must have a reasonable relationship to the development objectives of
43 the area in which the designating body has jurisdiction. The following
44 three (3) sets of standards may be established:

45 (1) One (1) relative to the deduction under section 3 of this chapter
46 for economic revitalization areas that are not residentially
47 distressed areas.

48 (2) One (1) relative to the deduction under section 3 of this chapter
49 for residentially distressed areas.

50 (3) One (1) relative to the deduction allowed under section 4.5 of
51 this chapter.

(h) A designating body may impose a fee for filing a designation application for a person requesting the designation of a particular area as an economic revitalization area. The fee may be sufficient to defray actual processing and administrative costs. However, the fee charged for filing a designation application for a parcel that contains one (1) or more owner-occupied, single-family dwellings may not exceed the cost of publishing the required notice.

(i) In declaring an area an economic revitalization area, the designating body may:

(1) limit the time period to a certain number of calendar years during which the **economic revitalization** area shall be so designated;

(2) limit the type of deductions that will be allowed within the economic revitalization area to either the deduction allowed under section 3 of this chapter or the deduction allowed under section 4.5 of this chapter;

(3) limit the dollar amount of the deduction that will be allowed with respect to new manufacturing equipment, new research and development equipment, new logistical distribution equipment, and new information technology equipment if a deduction under this chapter had not been filed before July 1, 1987, for that equipment;

(4) limit the dollar amount of the deduction that will be allowed with respect to redevelopment and rehabilitation occurring in areas that are designated as economic revitalization areas on or after September 1, 1988; or

(5) impose reasonable conditions related to the purpose of this chapter or to the general standards adopted under subsection (g) for allowing the deduction for the redevelopment or rehabilitation of the property or the installation of the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment.

To exercise one (1) or more of these powers, a designating body must include this fact in the resolution passed under section 2.5 of this chapter.

(j) Notwithstanding any other provision of this chapter, if a designating body limits the time period during which an area is an economic revitalization area, that limitation does not:

(1) prevent a taxpayer from obtaining a deduction for new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment installed ~~on or before January 1, 2006~~, **the approval deadline determined under section 9 of this chapter**, but after the expiration of the economic revitalization area if:

(A) the economic revitalization area designation expires after December 30, 1995; and

(B) the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment was described in a statement of benefits submitted to and approved by the

- 1 designating body in accordance with section 4.5 of this chapter
 2 before the expiration of the economic revitalization area
 3 designation; or
 4 (2) limit the length of time a taxpayer is entitled to receive a
 5 deduction to a number of years that is less than the number of years
 6 designated under section 4 or 4.5 of this chapter.
- 7 (k) Notwithstanding any other provision of this chapter, deductions:
 8 (1) that are authorized under section 3 of this chapter for property
 9 in an area designated as an urban development area before March
 10 1, 1983, and that are based on an increase in assessed valuation
 11 resulting from redevelopment or rehabilitation that occurs before
 12 March 1, 1983; or
 13 (2) that are authorized under section 4.5 of this chapter for new
 14 manufacturing equipment installed in an area designated as an
 15 urban development area before March 1, 1983;
 16 apply according to the provisions of this chapter as they existed at the
 17 time that an application for the deduction was first made. No deduction
 18 that is based on the location of property or new manufacturing
 19 equipment in an urban development area is authorized under this
 20 chapter after February 28, 1983, unless the initial increase in assessed
 21 value resulting from the redevelopment or rehabilitation of the property
 22 or the installation of the new manufacturing equipment occurred before
 23 March 1, 1983.
- 24 (l) If property located in an economic revitalization area is also
 25 located in an allocation area (as defined in IC 36-7-14-39 or
 26 IC 36-7-15.1-26), an application for the property tax deduction
 27 provided by this chapter may not be approved unless the commission
 28 that designated the allocation area adopts a resolution approving the
 29 application.
- 30 SECTION 3. IC 6-1.1-12.1-5.6 IS AMENDED TO READ AS
 31 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 5.6. (a) This subsection
 32 applies to a property owner whose statement of benefits was approved
 33 under section 4.5 of this chapter before July 1, 1991. In addition to the
 34 requirements of ~~section 5.5(b)~~ **section 5.4(b)** of this chapter, a
 35 deduction application filed under ~~section 5.5~~ **section 5.4** of this chapter
 36 must contain information showing the extent to which there has been
 37 compliance with the statement of benefits approved under section 4.5
 38 of this chapter. Failure to comply with a statement of benefits approved
 39 before July 1, 1991, may not be a basis for rejecting a deduction
 40 application.
- 41 (b) This subsection applies to a property owner whose statement of
 42 benefits was approved under section 4.5 of this chapter after June 30,
 43 1991. In addition to the requirements of ~~section 5.5(b)~~ **section 5.4(b)**
 44 of this chapter, a property owner who files a deduction application
 45 under ~~section 5.5~~ **section 5.4** of this chapter must provide the county
 46 auditor and the designating body with information showing the extent
 47 to which there has been compliance with the statement of benefits
 48 approved under section 4.5 of this chapter.
- 49 (c) Notwithstanding IC 5-14-3 and IC 6-1.1-35-9, the following
 50 information is a public record if filed under this section:
 51 (1) The name and address of the taxpayer.

(2) The location and description of the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment for which the deduction was granted.

(3) Any information concerning the number of employees at the facility where the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment is located, including estimated totals that were provided as part of the statement of benefits.

(4) Any information concerning the total of the salaries paid to those employees, including estimated totals that were provided as part of the statement of benefits.

(5) Any information concerning the amount of solid waste or hazardous waste converted into energy or other useful products by the new manufacturing equipment.

(6) Any information concerning the assessed value of the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment including estimates that were provided as part of the statement of benefits.

(d) The following information is confidential if filed under this section:

(1) Any information concerning the specific salaries paid to individual employees by the owner of the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment.

(2) Any information concerning the cost of the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment.

SECTION 4. IC 6-1.1-12.1-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 9. Notwithstanding any other provision of this chapter, a designating body may not approve a statement of benefits for a deduction under section 3 or 4.5 of this chapter after ~~December 31, 2005~~; **the approval deadline, which is determined in the following manner:**

(1) The initial approval deadline is December 31, 2011.

(2) Subject to subdivision (3), the initial approval deadline and subsequent approval deadlines are automatically extended in increments of five (5) years, so that approval deadlines subsequent to the initial approval deadline fall on December 31, 2016, and December 31 of each fifth year thereafter.

(3) At least one (1) year before the date of an approval deadline determined under subdivision (2), the general assembly may enact a law that:

(A) terminates the automatic extension of approval deadlines under subdivision (2); and

(B) specifically designates a particular date as the final approval deadline.

SECTION 5. IC 6-1.1-39-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 2. (a) If the fiscal body of a unit finds that:

(1) in order to promote opportunities for the gainful employment of its citizens, the attraction of a new business enterprise to the unit, the retention or expansion of a business enterprise existing within the boundaries of the unit, or the preservation or enhancement of the tax base of the unit, an area under the fiscal body's jurisdiction should be declared an economic development district;

(2) the public health and welfare of the unit will be benefited by designating the area as an economic development district; and

(3) there has been proposed a qualified industrial development project to be located in the economic development district, with the proposal supported by:

(A) financial and economic data; and

(B) preliminary commitments by business enterprises, associations, state or federal governmental units, or similar entities that evidence a reasonable likelihood that the proposed qualified industrial development project will be initiated and accomplished;

the fiscal body may **on or before January 1, 2006, the adoption deadline determined under subsection (c),** adopt an ordinance declaring the area to be an economic development district and declaring that the public health and welfare of the unit will be benefited by the designation.

(b) For the purpose of adopting an ordinance under subsection (a), it is sufficient to describe the boundaries of the area by its location in relation to public ways or streams or otherwise as determined by the fiscal body.

(c) The adoption deadline referred to in subsection (a) is determined in the following manner:

(1) The initial adoption deadline is December 31, 2011.

(2) Subject to subdivision (3), the initial adoption deadline and subsequent adoption deadlines are automatically extended in increments of five (5) years, so that adoption deadlines subsequent to the initial adoption deadline fall on December 31, 2016, and December 31 of each fifth year thereafter.

(3) At least one (1) year before the date of an adoption deadline determined under subdivision (2), the general assembly may enact a law that:

(A) terminates the automatic extension of adoption deadlines under subdivision (2); and

(B) specifically designates a particular date as the final adoption deadline.

SECTION 6. IC 36-7-14-39 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 39. (a) As used in this section:

"Allocation area" means that part of a blighted area to which an allocation provision of a declaratory resolution adopted under section 15 of this chapter refers for purposes of distribution and allocation of property taxes.

- 1 "Base assessed value" means the following:
- 2 (1) If an allocation provision is adopted after June 30, 1995, in a
- 3 declaratory resolution or an amendment to a declaratory resolution
- 4 establishing an economic development area:
- 5 (A) the net assessed value of all the property as finally
- 6 determined for the assessment date immediately preceding the
- 7 effective date of the allocation provision of the declaratory
- 8 resolution, as adjusted under subsection (h); plus
- 9 (B) to the extent that it is not included in clause (A), the net
- 10 assessed value of property that is assessed as residential property
- 11 under the rules of the department of local government finance, as
- 12 finally determined for any assessment date after the effective date
- 13 of the allocation provision.
- 14 (2) If an allocation provision is adopted after June 30, 1997, in a
- 15 declaratory resolution or an amendment to a declaratory resolution
- 16 establishing a blighted area:
- 17 (A) the net assessed value of all the property as finally
- 18 determined for the assessment date immediately preceding the
- 19 effective date of the allocation provision of the declaratory
- 20 resolution, as adjusted under subsection (h); plus
- 21 (B) to the extent that it is not included in clause (A), the net
- 22 assessed value of property that is assessed as residential property
- 23 under the rules of the department of local government finance, as
- 24 finally determined for any assessment date after the effective date
- 25 of the allocation provision.
- 26 (3) If:
- 27 (A) an allocation provision adopted before June 30, 1995, in a
- 28 declaratory resolution or an amendment to a declaratory
- 29 resolution establishing a blighted area expires after June 30,
- 30 1997; and
- 31 (B) after June 30, 1997, a new allocation provision is included in
- 32 an amendment to the declaratory resolution;
- 33 the net assessed value of all the property as finally determined for
- 34 the assessment date immediately preceding the effective date of the
- 35 allocation provision adopted after June 30, 1997, as adjusted under
- 36 subsection (h).
- 37 (4) Except as provided in subdivision (5), for all other allocation
- 38 areas, the net assessed value of all the property as finally
- 39 determined for the assessment date immediately preceding the
- 40 effective date of the allocation provision of the declaratory
- 41 resolution, as adjusted under subsection (h).
- 42 (5) If an allocation area established in an economic development
- 43 area before July 1, 1995, is expanded after June 30, 1995, the
- 44 definition in subdivision (1) applies to the expanded portion of the
- 45 area added after June 30, 1995.
- 46 (6) If an allocation area established in a blighted area before July
- 47 1, 1997, is expanded after June 30, 1997, the definition in
- 48 subdivision (2) applies to the expanded portion of the area added
- 49 after June 30, 1997.
- 50 Except as provided in section 39.3 of this chapter, "property taxes"
- 51 means taxes imposed under IC 6-1.1 on real property. However, upon

approval by a resolution of the redevelopment commission adopted before June 1, 1987, "property taxes" also includes taxes imposed under IC 6-1.1 on depreciable personal property. If a redevelopment commission adopted before June 1, 1987, a resolution to include within the definition of property taxes taxes imposed under IC 6-1.1 on depreciable personal property that has a useful life in excess of eight (8) years, the commission may by resolution determine the percentage of taxes imposed under IC 6-1.1 on all depreciable personal property that will be included within the definition of property taxes. However, the percentage included must not exceed twenty-five percent (25%) of the taxes imposed under IC 6-1.1 on all depreciable personal property.

(b) A declaratory resolution adopted under section 15 of this chapter ~~on or before January 1, 2006, the allocation deadline determined under subsection (i)~~ may include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. A declaratory resolution previously adopted may include an allocation provision by the amendment of that declaratory resolution ~~on or before January 1, 2006, the allocation deadline determined under subsection (i)~~ in accordance with the procedures required for its original adoption. A declaratory resolution or an amendment that establishes an allocation provision after June 30, 1995, must specify an expiration date for the allocation provision that may not be more than thirty (30) years after the date on which the allocation provision is established. However, if bonds or other obligations that were scheduled when issued to mature before the specified expiration date and that are payable only from allocated tax proceeds with respect to the allocation area remain outstanding as of the expiration date, the allocation provision does not expire until all of the bonds or other obligations are no longer outstanding. The allocation provision may apply to all or part of the blighted area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

(1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:

(A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or

(B) the base assessed value;

shall be allocated to and, when collected, paid into the funds of the respective taxing units.

(2) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivision (1) shall be allocated to the redevelopment district and, when collected, paid into an allocation fund for that allocation area that may be used by the redevelopment district only to do one (1) or more of the following:

(A) Pay the principal of and interest on any obligations payable solely from allocated tax proceeds which are incurred by the redevelopment district for the purpose of financing or refinancing the redevelopment of that allocation area.

- 1 (B) Establish, augment, or restore the debt service reserve for
- 2 bonds payable solely or in part from allocated tax proceeds in
- 3 that allocation area.
- 4 (C) Pay the principal of and interest on bonds payable from
- 5 allocated tax proceeds in that allocation area and from the special
- 6 tax levied under section 27 of this chapter.
- 7 (D) Pay the principal of and interest on bonds issued by the unit
- 8 to pay for local public improvements in or serving that allocation
- 9 area.
- 10 (E) Pay premiums on the redemption before maturity of bonds
- 11 payable solely or in part from allocated tax proceeds in that
- 12 allocation area.
- 13 (F) Make payments on leases payable from allocated tax
- 14 proceeds in that allocation area under section 25.2 of this
- 15 chapter.
- 16 (G) Reimburse the unit for expenditures made by it for local
- 17 public improvements (which include buildings, parking facilities,
- 18 and other items described in section 25.1(a) of this chapter) in or
- 19 serving that allocation area.
- 20 (H) Reimburse the unit for rentals paid by it for a building or
- 21 parking facility in or serving that allocation area under any lease
- 22 entered into under IC 36-1-10.
- 23 (I) Pay all or a portion of a property tax replacement credit to
- 24 taxpayers in an allocation area as determined by the
- 25 redevelopment commission. This credit equals the amount
- 26 determined under the following STEPS for each taxpayer in a
- 27 taxing district (as defined in IC 6-1.1-1-20) that contains all or
- 28 part of the allocation area:
- 29 STEP ONE: Determine that part of the sum of the amounts under
- 30 IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3),
- 31 IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable
- 32 to the taxing district.
- 33 STEP TWO: Divide:
- 34 (A) that part of each county's eligible property tax replacement
- 35 amount (as defined in IC 6-1.1-21-2) for that year as
- 36 determined under IC 6-1.1-21-4 that is attributable to the
- 37 taxing district; by
- 38 (B) the STEP ONE sum.
- 39 STEP THREE: Multiply:
- 40 (A) the STEP TWO quotient; times
- 41 (B) the total amount of the taxpayer's taxes (as defined in
- 42 IC 6-1.1-21-2) levied in the taxing district that have been
- 43 allocated during that year to an allocation fund under this
- 44 section.
- 45 If not all the taxpayers in an allocation area receive the credit in
- 46 full, each taxpayer in the allocation area is entitled to receive the
- 47 same proportion of the credit. A taxpayer may not receive a
- 48 credit under this section and a credit under section 39.5 of this
- 49 chapter in the same year.
- 50 (J) Pay expenses incurred by the redevelopment commission for
- 51 local public improvements that are in the allocation area or

1 serving the allocation area. Public improvements include
 2 buildings, parking facilities, and other items described in section
 3 25.1(a) of this chapter.

4 (K) Reimburse public and private entities for expenses incurred
 5 in training employees of industrial facilities that are located:

6 (i) in the allocation area; and

7 (ii) on a parcel of real property that has been classified as
 8 industrial property under the rules of the department of local
 9 government finance.

10 However, the total amount of money spent for this purpose in
 11 any year may not exceed the total amount of money in the
 12 allocation fund that is attributable to property taxes paid by the
 13 industrial facilities described in this clause. The reimbursements
 14 under this clause must be made within three (3) years after the
 15 date on which the investments that are the basis for the increment
 16 financing are made.

17 The allocation fund may not be used for operating expenses of the
 18 commission.

19 (3) Except as provided in subsection (g), before July 15 of each
 20 year the commission shall do the following:

21 (A) Determine the amount, if any, by which the base assessed
 22 value when multiplied by the estimated tax rate of the allocation
 23 area will exceed the amount of assessed value needed to produce
 24 the property taxes necessary to make, when due, principal and
 25 interest payments on bonds described in subdivision (2) plus the
 26 amount necessary for other purposes described in subdivision
 27 (2).

28 (B) Notify the county auditor of the amount, if any, of the
 29 amount of excess assessed value that the commission has
 30 determined may be allocated to the respective taxing units in the
 31 manner prescribed in subdivision (1). The commission may not
 32 authorize an allocation of assessed value to the respective taxing
 33 units under this subdivision if to do so would endanger the
 34 interests of the holders of bonds described in subdivision (2) or
 35 lessors under section 25.3 of this chapter.

36 (c) For the purpose of allocating taxes levied by or for any taxing unit
 37 or units, the assessed value of taxable property in a territory in the
 38 allocation area that is annexed by any taxing unit after the effective date
 39 of the allocation provision of the declaratory resolution is the lesser of:

40 (1) the assessed value of the property for the assessment date with
 41 respect to which the allocation and distribution is made; or

42 (2) the base assessed value.

43 (d) Property tax proceeds allocable to the redevelopment district
 44 under subsection (b)(2) may, subject to subsection (b)(3), be
 45 irrevocably pledged by the redevelopment district for payment as set
 46 forth in subsection (b)(2).

47 (e) Notwithstanding any other law, each assessor shall, upon petition
 48 of the redevelopment commission, reassess the taxable property situated
 49 upon or in, or added to, the allocation area, effective on the next
 50 assessment date after the petition.

51 (f) Notwithstanding any other law, the assessed value of all taxable

property in the allocation area, for purposes of tax limitation, property tax replacement, and formulation of the budget, tax rate, and tax levy for each political subdivision in which the property is located is the lesser of:

- (1) the assessed value of the property as valued without regard to this section; or
- (2) the base assessed value.

(g) If any part of the allocation area is located in an enterprise zone created under IC 4-4-6.1, the unit that designated the allocation area shall create funds as specified in this subsection. A unit that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish an allocation fund for the purposes specified in subsection (b)(2) and a special zone fund. Such a unit shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund any amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(2) for the year. The amount sufficient for purposes specified in subsection (b)(2) for the year shall be determined based on the pro rata portion of such current property tax proceeds from the portion of the enterprise zone that is within the allocation area as compared to all such current property tax proceeds derived from the allocation area. A unit that has no obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) in the fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone. The unit that creates the special zone fund shall use the fund (based on the recommendations of the urban enterprise association) for programs in job training, job enrichment, and basic skill development that are designed to benefit residents and employers in the enterprise zone or other purposes specified in subsection (b)(2), except that where reference is made in subsection (b)(2) to allocation area it shall refer for purposes of payments from the special zone fund only to that portion of the allocation area that is also located in the enterprise zone. Those programs shall reserve at least one-half (1/2) of their enrollment in any session for residents of the enterprise zone.

(h) The state board of accounts and department of local government finance shall make the rules and prescribe the forms and procedures that they consider expedient for the implementation of this chapter. After each general reassessment under IC 6-1.1-4, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the redevelopment district under this section. However, the adjustment may not include the effect of property tax abatements under IC 6-1.1-12.1, and the adjustment may not produce less property tax proceeds allocable to the redevelopment district under subsection (b)(2) than would otherwise have been received if the general reassessment had not occurred. The department of local government finance may prescribe procedures for county and township

officials to follow to assist the department in making the adjustments.

(i) The allocation deadline referred to in subsection (b) is determined in the following manner:

(1) The initial allocation deadline is December 31, 2011.

(2) Subject to subdivision (3), the initial allocation deadline and subsequent allocation deadlines are automatically extended in increments of five (5) years, so that allocation deadlines subsequent to the initial allocation deadline fall on December 31, 2016, and December 31 of each fifth year thereafter.

(3) At least one (1) year before the date of an allocation deadline determined under subdivision (2), the general assembly may enact a law that:

(A) terminates the automatic extension of allocation deadlines under subdivision (2); and

(B) specifically designates a particular date as the final allocation deadline.

SECTION 7. IC 36-7-15.1-26 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 26. (a) As used in this section:

"Allocation area" means that part of a blighted area to which an allocation provision of a resolution adopted under section 8 of this chapter refers for purposes of distribution and allocation of property taxes.

"Base assessed value" means the following:

(1) If an allocation provision is adopted after June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing an economic development area:

(A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

(B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

(2) If an allocation provision is adopted after June 30, 1997, in a declaratory resolution or an amendment to a declaratory resolution establishing a blighted area:

(A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

(B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

(3) If:

(A) an allocation provision adopted before June 30, 1995, in a declaratory resolution or an amendment to a declaratory

1 resolution establishing a blighted area expires after June 30,
2 1997; and

3 (B) after June 30, 1997, a new allocation provision is included in
4 an amendment to the declaratory resolution;

5 the net assessed value of all the property as finally determined for
6 the assessment date immediately preceding the effective date of the
7 allocation provision adopted after June 30, 1997, as adjusted under
8 subsection (h).

9 (4) Except as provided in subdivision (5), for all other allocation
10 areas, the net assessed value of all the property as finally
11 determined for the assessment date immediately preceding the
12 effective date of the allocation provision of the declaratory
13 resolution, as adjusted under subsection (h).

14 (5) If an allocation area established in an economic development
15 area before July 1, 1995, is expanded after June 30, 1995, the
16 definition in subdivision (1) applies to the expanded portion of the
17 area added after June 30, 1995.

18 (6) If an allocation area established in a blighted area before July
19 1, 1997, is expanded after June 30, 1997, the definition in
20 subdivision (2) applies to the expanded portion of the area added
21 after June 30, 1997.

22 Except as provided in section 26.2 of this chapter, "property taxes"
23 means taxes imposed under IC 6-1.1 on real property. However, upon
24 approval by a resolution of the redevelopment commission adopted
25 before June 1, 1987, "property taxes" also includes taxes imposed under
26 IC 6-1.1 on depreciable personal property. If a redevelopment
27 commission adopted before June 1, 1987, a resolution to include within
28 the definition of property taxes taxes imposed under IC 6-1.1 on
29 depreciable personal property that has a useful life in excess of eight (8)
30 years, the commission may by resolution determine the percentage of
31 taxes imposed under IC 6-1.1 on all depreciable personal property that
32 will be included within the definition of property taxes. However, the
33 percentage included must not exceed twenty-five percent (25%) of the
34 taxes imposed under IC 6-1.1 on all depreciable personal property.

35 (b) A resolution adopted under section 8 of this chapter **on or** before
36 ~~January 1, 2006~~, **the allocation deadline determined under**
37 **subsection (i)** may include a provision with respect to the allocation
38 and distribution of property taxes for the purposes and in the manner
39 provided in this section. A resolution previously adopted may include
40 an allocation provision by the amendment of that resolution **on or**
41 before ~~January 1, 2006~~, **the allocation deadline determined under**
42 **subsection (i)** in accordance with the procedures required for its
43 original adoption. A declaratory resolution or an amendment that
44 establishes an allocation provision after June 30, 1995, must specify an
45 expiration date for the allocation provision that may not be more than
46 thirty (30) years after the date on which the allocation provision is
47 established. However, if bonds or other obligations that were scheduled
48 when issued to mature before the specified expiration date and that are
49 payable only from allocated tax proceeds with respect to the allocation
50 area remain outstanding as of the expiration date, the allocation
51 provision does not expire until all of the bonds or other obligations are

no longer outstanding. The allocation provision may apply to all or part of the blighted area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

(1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:

(A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or

(B) the base assessed value;

shall be allocated to and, when collected, paid into the funds of the respective taxing units.

(2) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivision (1) shall be allocated to the redevelopment district and, when collected, paid into a special fund for that allocation area that may be used by the redevelopment district only to do one (1) or more of the following:

(A) Pay the principal of and interest on any obligations payable solely from allocated tax proceeds that are incurred by the redevelopment district for the purpose of financing or refinancing the redevelopment of that allocation area.

(B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area.

(C) Pay the principal of and interest on bonds payable from allocated tax proceeds in that allocation area and from the special tax levied under section 19 of this chapter.

(D) Pay the principal of and interest on bonds issued by the consolidated city to pay for local public improvements in that allocation area.

(E) Pay premiums on the redemption before maturity of bonds payable solely or in part from allocated tax proceeds in that allocation area.

(F) Make payments on leases payable from allocated tax proceeds in that allocation area under section 17.1 of this chapter.

(G) Reimburse the consolidated city for expenditures for local public improvements (which include buildings, parking facilities, and other items set forth in section 17 of this chapter) in that allocation area.

(H) Reimburse the unit for rentals paid by it for a building or parking facility in that allocation area under any lease entered into under IC 36-1-10.

(I) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:

(i) in the allocation area; and

(ii) on a parcel of real property that has been classified as industrial property under the rules of the department of local government finance.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the

allocation fund that is attributable to property taxes paid by the industrial facilities described in this clause. The reimbursements under this clause must be made within three (3) years after the date on which the investments that are the basis for the increment financing are made.

The special fund may not be used for operating expenses of the commission.

(3) Before July 15 of each year, the commission shall do the following:

(A) Determine the amount, if any, by which the base assessed value when multiplied by the estimated tax rate of the allocated area will exceed the amount of assessed value needed to provide the property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (2) plus the amount necessary for other purposes described in subdivision (2) and subsection (g).

(B) Notify the county auditor of the amount, if any, of excess assessed value that the commission has determined may be allocated to the respective taxing units in the manner prescribed in subdivision (1).

The commission may not authorize an allocation to the respective taxing units under this subdivision if to do so would endanger the interests of the holders of bonds described in subdivision (2).

(c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by any taxing unit after the effective date of the allocation provision of the resolution is the lesser of:

- (1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or
- (2) the base assessed value.

(d) Property tax proceeds allocable to the redevelopment district under subsection (b)(2) may, subject to subsection (b)(3), be irrevocably pledged by the redevelopment district for payment as set forth in subsection (b)(2).

(e) Notwithstanding any other law, each assessor shall, upon petition of the commission, reassess the taxable property situated upon or in, or added to, the allocation area, effective on the next assessment date after the petition.

(f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property tax replacement, and formulation of the budget, tax rate, and tax levy for each political subdivision in which the property is located is the lesser of:

- (1) the assessed value of the property as valued without regard to this section; or
- (2) the base assessed value.

(g) If any part of the allocation area is located in an enterprise zone created under IC 4-4-6.1, the unit that designated the allocation area shall create funds as specified in this subsection. A unit that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish an allocation fund for the purposes

specified in subsection (b)(2) and a special zone fund. Such a unit shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund the amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(2) for the year. A unit that has no obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) in the fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone. The unit that creates the special zone fund shall use the fund, based on the recommendations of the urban enterprise association, for one (1) or more of the following purposes:

(1) To pay for programs in job training, job enrichment, and basic skill development designed to benefit residents and employers in the enterprise zone. The programs must reserve at least one-half (1/2) of the enrollment in any session for residents of the enterprise zone.

(2) To make loans and grants for the purpose of stimulating business activity in the enterprise zone or providing employment for enterprise zone residents in the enterprise zone. These loans and grants may be made to the following:

(A) Businesses operating in the enterprise zone.

(B) Businesses that will move their operations to the enterprise zone if such a loan or grant is made.

(3) To provide funds to carry out other purposes specified in subsection (b)(2). However, where reference is made in subsection (b)(2) to the allocation area, the reference refers for purposes of payments from the special zone fund only to that portion of the allocation area that is also located in the enterprise zone.

(h) The state board of accounts and department of local government finance shall make the rules and prescribe the forms and procedures that they consider expedient for the implementation of this chapter. After each general reassessment under IC 6-1.1-4, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the redevelopment district under this section. However, the adjustment may not include the effect of property tax abatements under IC 6-1.1-12.1, and the adjustment may not produce less property tax proceeds allocable to the redevelopment district under subsection (b)(2) than would otherwise have been received if the general reassessment had not occurred. The department of local government finance may prescribe procedures for county and township officials to follow to assist the department in making the adjustments.

(i) The allocation deadline referred to in subsection (b) is determined in the following manner:

(1) The initial allocation deadline is December 31, 2011.

(2) Subject to subdivision (3), the initial allocation deadline and subsequent allocation deadlines are automatically extended in increments of five (5) years, so that allocation deadlines

subsequent to the initial allocation deadline fall on December 31, 2016, and December 31 of each fifth year thereafter.

(3) At least one (1) year before the date of an allocation deadline determined under subdivision (2), the general assembly may enact a law that:

(A) terminates the automatic extension of allocation deadlines under subdivision (2); and

(B) specifically designates a particular date as the final allocation deadline.

SECTION 8. IC 36-7-15.1-53 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 53. (a) As used in this section:

"Allocation area" means that part of a blighted area to which an allocation provision of a resolution adopted under section 40 of this chapter refers for purposes of distribution and allocation of property taxes.

"Base assessed value" means:

(1) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

(2) to the extent that it is not included in subdivision (1), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

Except as provided in section 55 of this chapter, "property taxes" means taxes imposed under IC 6-1.1 on real property.

(b) A resolution adopted under section 40 of this chapter **on or before January 1, 2006, the allocation deadline determined under subsection (i)** may include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. A resolution previously adopted may include an allocation provision by the amendment of that resolution **on or before January 1, 2006, the allocation deadline determined under subsection (i)** in accordance with the procedures required for its original adoption. A declaratory resolution or an amendment that establishes an allocation provision must be approved by resolution of the legislative body of the excluded city and must specify an expiration date for the allocation provision that may not be more than thirty (30) years after the date on which the allocation provision is established. However, if bonds or other obligations that were scheduled when issued to mature before the specified expiration date and that are payable only from allocated tax proceeds with respect to the allocation area remain outstanding as of the expiration date, the allocation provision does not expire until all of the bonds or other obligations are no longer outstanding. The allocation provision may apply to all or part of the blighted area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

(1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:

(A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or

(B) the base assessed value;

shall be allocated to and, when collected, paid into the funds of the respective taxing units.

(2) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivision (1) shall be allocated to the redevelopment district and, when collected, paid into a special fund for that allocation area that may be used by the redevelopment district only to do one (1) or more of the following:

(A) Pay the principal of and interest on any obligations payable solely from allocated tax proceeds that are incurred by the redevelopment district for the purpose of financing or refinancing the redevelopment of that allocation area.

(B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area.

(C) Pay the principal of and interest on bonds payable from allocated tax proceeds in that allocation area and from the special tax levied under section 50 of this chapter.

(D) Pay the principal of and interest on bonds issued by the excluded city to pay for local public improvements in that allocation area.

(E) Pay premiums on the redemption before maturity of bonds payable solely or in part from allocated tax proceeds in that allocation area.

(F) Make payments on leases payable from allocated tax proceeds in that allocation area under section 46 of this chapter.

(G) Reimburse the excluded city for expenditures for local public improvements (which include buildings, park facilities, and other items set forth in section 45 of this chapter) in that allocation area.

(H) Reimburse the unit for rentals paid by it for a building or parking facility in that allocation area under any lease entered into under IC 36-1-10.

(I) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:

(i) in the allocation area; and

(ii) on a parcel of real property that has been classified as industrial property under the rules of the department of local government finance.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in this clause. The reimbursements under this clause must be made within three (3) years after the date on which the investments that are the basis for the increment financing are made.

The special fund may not be used for operating expenses of the

commission.

(3) Before July 15 of each year, the commission shall do the following:

(A) Determine the amount, if any, by which property taxes payable to the allocation fund in the following year will exceed the amount of assessed value needed to provide the property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (2) plus the amount necessary for other purposes described in subdivision (2) and subsection (g).

(B) Notify the county auditor of the amount, if any, of excess assessed value that the commission has determined may be allocated to the respective taxing units in the manner prescribed in subdivision (1).

The commission may not authorize an allocation to the respective taxing units under this subdivision if to do so would endanger the interests of the holders of bonds described in subdivision (2).

(c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by any taxing unit after the effective date of the allocation provision of the resolution is the lesser of:

- (1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or
- (2) the base assessed value.

(d) Property tax proceeds allocable to the redevelopment district under subsection (b)(2) may, subject to subsection (b)(3), be irrevocably pledged by the redevelopment district for payment as set forth in subsection (b)(2).

(e) Notwithstanding any other law, each assessor shall, upon petition of the commission, reassess the taxable property situated upon or in, or added to, the allocation area, effective on the next assessment date after the petition.

(f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property tax replacement, and formulation of the budget, tax rate, and tax levy for each political subdivision in which the property is located, is the lesser of:

- (1) the assessed value of the property as valued without regard to this section; or
- (2) the base assessed value.

(g) If any part of the allocation area is located in an enterprise zone created under IC 4-4-6.1, the unit that designated the allocation area shall create funds as specified in this subsection. A unit that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish an allocation fund for the purposes specified in subsection (b)(2) and a special zone fund. Such a unit shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund the amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(2) for the year. A

unit that has no obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) in the fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone. The unit that creates the special zone fund shall use the fund, based on the recommendations of the urban enterprise association, for one (1) or more of the following purposes:

(1) To pay for programs in job training, job enrichment, and basic skill development designed to benefit residents and employers in the enterprise zone. The programs must reserve at least one-half (1/2) of the enrollment in any session for residents of the enterprise zone.

(2) To make loans and grants for the purpose of stimulating business activity in the enterprise zone or providing employment for enterprise zone residents in an enterprise zone. These loans and grants may be made to the following:

(A) Businesses operating in the enterprise zone.

(B) Businesses that will move their operations to the enterprise zone if such a loan or grant is made.

(3) To provide funds to carry out other purposes specified in subsection (b)(2). However, where reference is made in subsection (b)(2) to the allocation area, the reference refers, for purposes of payments from the special zone fund, only to that part of the allocation area that is also located in the enterprise zone.

(h) The state board of accounts and department of local government finance shall make the rules and prescribe the forms and procedures that they consider expedient for the implementation of this chapter. After each general reassessment under IC 6-1.1-4, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the redevelopment district under this section. However, the adjustment may not include the effect of property tax abatements under IC 6-1.1-12.1, and the adjustment may not produce less property tax proceeds allocable to the redevelopment district under subsection (b)(2) than would otherwise have been received if the general reassessment had not occurred. The department of local government finance may prescribe procedures for county and township officials to follow to assist the department in making the adjustments.

(i) The allocation deadline referred to in subsection (b) is determined in the following manner:

(1) The initial allocation deadline is December 31, 2011.

(2) Subject to subdivision (3), the initial allocation deadline and subsequent allocation deadlines are automatically extended in increments of five (5) years, so that allocation deadlines subsequent to the initial allocation deadline fall on December 31, 2016, and December 31 of each fifth year thereafter.

(3) At least one (1) year before the date of an allocation deadline determined under subdivision (2), the general assembly may enact a law that:

(A) terminates the automatic extension of allocation

1 **deadlines under subdivision (2); and**
2 **(B) specifically designates a particular date as the final**
3 **allocation deadline.**
4 SECTION 9. IC 6-1.1-12.1-2.3 IS REPEALED [EFFECTIVE JULY
5 1, 2005].
6 SECTION 10. [EFFECTIVE JULY 1, 2005] **Notwithstanding the**
7 **amendments to IC 6-1.1-12.1 made by this act, deductions that**
8 **were approved under IC 6-1.1-12.1 before July 1, 2005, remain in**
9 **effect after June 30, 2005, according to the provisions of**
10 **IC 6-1.1-12.1 as they existed on June 30, 2005.**
 (Reference is to EHB 1182 as printed April 6, 2005.)

Conference Committee Report
on
Engrossed House Bill 1182

Signed by:

Representative Leonard
Chairperson

Senator Dillon

Representative Moses

Senator Hume

House Conferees

Senate Conferees